

## Message Text

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73

ACTION COME-00

INFO OCT-01 EA-11 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00

DODE-00 EB-11 FRB-03 H-03 INR-11 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-03 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 OMB-01

SWF-02 FEA-02 DRC-01 /183 W  
----- 026341

R 220520Z AUG 74

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 8563

INFO USMISSION GENEVA

LIMITED OFFICIAL USE WELLINGTON 2668

EO 11652: NA

TAGS: GATT, ETRD, NZ

SUBJECT: GATT ARTICLE XXVIII NEGOTIATIONS - NEW ZEALAND

REF A. STATE 168739 B. GENEVA 5143

1. ECON COUNSELOR EXPRESSED US CONCERN TO E. WOODFIELD, ASSISTANT DIRECTOR, TRADE POLICY DIVISION OF DEPARTMENT OF TRADE AND INDUSTRY ON GNZ FAILURE TO COMPLY WITH GATT ARTICLE 28 IN ITS PROPOSALS RE COMPENSATION.

2. WOODFIELD, WHO ALREADY HAD TWO PAGE TELEGRAM FROM GNZ GENEVA MISSION ON US MISSION APPROACH REPORTED REFTEL B, EXPRESSED SURPRISE AT STRONG US REACTION TO LATEST EVENTS. HE SAID HE THOUGHT GNZ HAD GONE A LONG WAY IN MEETING USG DISSATISFACTION IN GIVING NOTICE BEFORE NEW RATES WERE PUT INTO EFFECT.

3. HE REVIEWED EVENTS: MAY 9 GNZ NOTIFICATION WHICH INCLUDED CONCLUSION THAT NO COMPENSATION WAS DUE; USG  
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JUNE 14 ACKNOWLEDGEMENT WITH INDICATION MATTER BEING

EXAMINED WITH NO FURTHER USG FOLLOW-UP UNTIL AUGUST.

4. WOODFIELD EMPHASIZED THAT THE GNZ WAS GOING THROUGH A LONG TERM CONTINUING REVIEW OF THE ENTIRE TARRIFF STRUCTURE. THIS WAS TO BRING RATES INTO LINE WITH PRESENT DAY SITUATION SO AT SUCH TIME AS A DECISION MIGHT BE MADE TO END IMPORT LICENSING THE RATES WOULD PROVIDE NECEESARY PROTECTION AS INDICATED.

5. HE POINTED OUT THAT IN THE JULY 1 TARIFF MANY OF THE FORMER MFN RATES WERE LOWERED AND THAT THE US GAINED FROM THESE, THUS THE OVERALL TRADE POSITION OF THE US HAD IMPROVED.

6. HE STRESSED THAT ONCE THE COUNCILCABINET OF MINISTERS MADE A DECISION ON THE TARIFF BOARD'S RECOMMENDATION TO RAISE A RATE, THE CABINET WANTED THESE RATES PUT INTO EFFECT WITH THE LATEST POSSIBLE DELAY, AND THOUGH IT WAS POSSIBLE TO GIVE NOTICE OF THE PROPOSED RATE INCREASE BEFORE IT WENT INTO EFFECT, GNZ WAS NOT PREPARED TO DELAY IMPLEMENTATION INDEFINITELY WHILE NEGOTIATIONS ON COMPENSATION TOOK PLACE. THIS WAS NOT TO SAY THAT GNZ WAS NOT FULLY WILLING TO NEGOTIATE COMPENSATION, BUT THIS OFTEN TOOK A LONG TIME AND GNZ FELT IT COULD NOT HOLD OFF IMPLEMENTING ITS DECISION UNTIL THIS PROCESS WAS COMPLETED. HE ACKNOWLEDGED THAT THIS DID NOT CONFORM STRICLY WITH ARTICLE 28, BUT SAID GNZ WAS TRYING TO LIVE UP TO THE EXTENT OF ARTICLE 28 EVEN IF NOT COMPLYING WITH THE EXACT WORDING.

7. WHEN ECON COUNSELOR SUGGESTED THAT GNZ MAKE REALISTIC COMPENSATION OFFERS AT TIME OF NOTICE OF RATE INCREASES WITHOUT WAITING FOR REQUEST LIST HE SHOWED INTEREST IN IDEA, BUT REPEATED EARLIER POINT THAT DURING LAST GO AROUND GNZ HAD CALCULATED THAT NO COMPENSATION WAS CALLED FOR SO NONE WAS OFFERED. IN THE FUTURE SUCH OFFERS MIGHT BE MADE.

8. REGARDING THE WORDING IN THE NEW TARIFF PROVIDING FOR "SUCH HIGHER RATE OF DUTY AS THE MINISTER MAY IN ANY LIMITED OFFICIAL USE

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CASE DECIDE" ON CERTAIN SPECIFIED ITEMS, NOW LISTED AS ENTERING FREE OR WITH A LOW DUTY RATE, MR WOODFIELD SAID THE EFFECT OF THIS SHOULD BE LITTLE DIFFERENT FROM THE EFFECT OF THE EARLIER STANDARD WORDING USED, NAMELY THAT "SUCH LOWER RATE OFDUTY AS THE MINISTER MAY IN ANY CASE DIRECT" MAY BE APPLIED FOR SPECIFIED ITEMS FOR WHICH A HIGHER RATE

9. COMMENT: ALTHOUGH WOODFIELD CONCEDES THAT GNZ PERFORMANCE DOES NOT COMPLY WITH LETTER OF ARTICLE 28 ON

EFFECTIVE DATE OF RATE INCREASES, WE DO NOT PERCEIVE ANY GENERAL GNZ INTENTION TO FLOUT PROCEDURES OR OVERLOOK ITS OBLIGATIONS TO OTHER COUNTRIES. ITS STATED READINESS TO NEGOTIATE COMPENSATION FOR RATE INCREASES SUPPORTS THIS VIEW. GNZ IS IN COURSE OF LONG TERM REVIEW OF ITS TARIFF STRUCTURE WITH A NUMBER OF ADJUSTMENTS IN THE OFFING. THIS MEANS THAT A CONTINUING SERIES OF DIFFERENCES BETWEEN GNZ AND USG ARE POSSIBLE. BUT FOR THE TIME BEING, OUR RECOMMENDATION IS THAT WE NOT PRESS GNZ TOO HARD OVER ARTICLE 28 UNLESS DAMAGE TO OUR INTERESTS IS CONSIDERABLE.

10. PLEASE ADVISE.  
SELDON

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CUSTOMS DUTIES, IMPORTS, TARIFF NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 AUG 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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